

AMANAHA HARTA TANAH PNB (“AHP” OR “THE TRUST”)

- (I) Acquisition by AmanahRaya Trustees Berhad (“Trustee”) for and on behalf of AHP, of the piece of land held in perpetuity under Lot No. P.T. 557, Title No. H.S.(D) 206530, Bandar Seremban Utama, District of Seremban, State of Negeri Sembilan on which is erected a three (3) storey mall cum hypermarket with two (2) sub-basements from Mydin Mohamed Holdings Berhad (“Mydin”) (“Property”) for a cash consideration of RM240,000,000 (“Purchase Consideration”) (“Acquisition”); and**
- (II) Proposed renounceable rights issue of 120,000,000 new units in AHP (“Units”) (“Rights Unit(s)”) on the basis of six (6) Rights Units for every five (5) existing units in AHP held at an entitlement date to be determined later (“Proposed Rights Issue”).**

(Collectively, referred to as the “Proposals”)

(Unless otherwise stated, abbreviations and definitions used throughout this announcement shall be the same as those previously defined in the circular to the unit holders of AHP dated 30 July 2015 in relation to the Proposals (“Circular”).)

1. INTRODUCTION

We refer to the announcements on 26 July 2016, 22 July 2016, 18 April 2016, 15 March 2016, 22 January 2016, 18 December 2015, 25 September 2015, 14 August 2015, 29 July 2015, 20 July 2015, 26 June 2015, 1 June 2015 and 27 April 2015 in relation to the Proposals.

On behalf of the board of Pelaburan Hartanah Nasional Berhad (“PHNB” or “Manager”) (“Board”), MIDF Investment wishes to announce that the Trustee for AHP, had on 18 August 2016 entered into a second supplemental sale and purchase agreement (“Second Supplemental Agreement”) and a supplemental agreement to lease (“Supplemental Agreement to Lease”) with Mydin to vary respectively the terms of the SPA (as amended by the variation letter dated 26 January 2016 and supplemental agreement dated 14 March 2016 (“Supplemental Agreement”)) and the Agreement to Lease for the Acquisition.

Further details are set out in the ensuing sections of this announcement.

Save as disclosed in this announcement, there is no change in the Proposals.

2. DETAILS OF THE PROPOSALS

2.1 Acquisition

The Purchase Consideration of RM240.00 million for the Acquisition shall be satisfied by the Trustee, for and on behalf of AHP via the proceeds from the Proposed Rights Issue and bank borrowings out of which, a deposit of RM4.80 million had been paid on 15 May 2015 by the Trustee. The balance of the Purchase Consideration of RM235.20 million is to be settled, within two (2) months from the Unconditional Date, being the date of the fulfilment of the last of the conditions precedent for the Supplemental Agreement and the SPA.

The Second Supplemental Agreement is entered into mainly to vary the payment terms of the Acquisition whereby part of the balance of the Purchase Consideration of RM235.20 million shall be settled via the drawdown of a loan facility granted to the Trustee by Maybank Islamic Berhad (“Financier”) of RM125.00 million (“Loan”) notwithstanding that the Proposed Rights Issue has yet to be completed and the Differential Sum (less the Retention Sum) has yet to be paid to the Vendor’s Solicitors as stakeholders and the SPA has yet to become unconditional. The Loan will be drawdown to settle the amount owing by the Vendor to Danajamin Nasional Berhad (“Chargee”) of RM13.00 million and the balance of the Loan (less the Initial Security Deposit of RM2,407,790.01 and the Initial Utilities Deposit of RM802,596.67) is to be paid to the Vendor through its solicitors. The Chargee will, in exchange for the redemption sum, deliver to the Financier’s solicitors the original title deed to the Property and the discharge of the existing charge, which upon presentation at the relevant Land Registry, will remove the Chargee’s existing charge from the Property. The Vendor has, in consideration of the release of the Loan in the structure as aforesaid, agreed to the lodgement of a lien-holder’s caveat as an interim security pending the perfection of the Financier’s charge over the Property. The payment of the remaining balance of the Purchase Consideration amounting to RM110.20 million will be settled only upon completion of the Proposed Rights Issue. Upon full disbursement of the Loan, the Trustee shall be entitled to proceed with the submission of the memorandum of transfer of the Property to the stamp office for purposes of adjudication and upon issuance of the relevant notice of assessment of stamp duty, to proceed with the stamping and registration of the memorandum of transfer of the Property in favour of the Trustee and the charge in favour of the Financier. In the event the approval of the SC for the Abridged Prospectus is not forthcoming, the SPA together with the Second Supplemental Agreement provides for the refund by the Vendor of the Loan to the Financier and all other monies paid on account of the Purchase Consideration to AHP in return for the withdrawal of the lien-holder’s caveat by the Financier and the re-transfer of the Property to the Vendor free from encumbrances.

The Vendor and the Purchaser have also agreed that the Lease shall commence from the date of full drawdown of the Loan subject to terms and conditions of the Supplemental Agreement to Lease (“Commencement Date”). Pursuant to the Supplemental Agreement to Lease, the Lessee shall pay to the Lessor a portion of the Rent for Term 1, based on the proportion of the Purchase Consideration paid by the Purchaser, amounting to RM757,166.67 monthly from the Commencement Date up to the date of full payment of the Purchase Consideration and thereafter the full Rent for Term 1 of RM1.40 million monthly shall be payable by the Vendor to the Purchaser.

The Second Supplemental Agreement and the Supplemental Agreement to Lease are for the mutual benefit of the Vendor and the Purchaser. The variation to the terms of payment for the balance of the Purchase Consideration would result in interest savings for the Vendor as the present charge in favour of the Chargee will be discharged whereas AHP will receive the benefit of the agreed portion of Rent arising from the early commencement of the Lease.

The Trustee has obtained legal advice that pursuant to the aforesaid variations of the payment terms of the balance of the Purchase Consideration and Rent, the interests of the Unit Holders are adequately protected by the right of the Trustee to proceed with the early transfer of legal ownership of the Property in favour of the Trustee pending the completion of the Proposed Rights Issue. In the event the memorandum of transfer of the Property is rejected for registration or cannot be effected or registered through no fault of the Vendor or the Trustee despite reasonable steps to rectify any defects or to make any necessary amendments, this would entitle the Trustee to a full refund of all sums paid towards the Purchase Consideration.

Further details and the salient terms of the Second Supplemental Agreement and the Supplemental Agreement to Lease are set out in Sections 2.1.1 and 2.1.2 of this announcement, respectively.

2.1.1 Salient Terms of the Second Supplemental Agreement

The salient terms of the Second Supplemental Agreement are as follows:

The SPA as substituted, amended or modified by a variation letter dated 26 January 2016 and the Supplemental Agreement is hereby further varied as follows:

- (a) The Parties have agreed that whilst pending the completion of the Proposed Rights Issue and the Unconditional Date, Mydin will deliver the Redemption Statement together with its undertaking to refund the bank borrowings (“Vendor’s Undertaking”) within three (3) days from the date of the Second Supplemental Agreement.
- (b) Subject to Mydin’s delivery of the Redemption Statement and the Vendor’s Undertaking, the Trustee shall then be obliged to cause the Financier to pay the Redemption Sum within seven (7) Business Days from the date of the Second Supplemental Agreement, for the purposes of redeeming and discharging the Property¹.
- (c) Within five (5) days of receipt of the Redemption Sum by the Chargee, Mydin is then obliged to deliver, inter alia, the original issue document of title to the Property and the relevant discharge of charge in respect of the existing charge lodged by the Chargee.
- (d) The Parties have also agreed that whilst pending the adjudication and stamping of the MOT and the perfection of the Financier’s charge, the Financier shall lodge a lien-holder’s caveat (“Lien-Holder’s Caveat”) in favour of the Financier as an interim security for the bank borrowings within seven (7) Business Days from the date of receipt of, inter alia, the original document of title to the Property and the aforesaid discharge of charge.
- (e) Within seven (7) Business Days of the presentation of the Lien-Holder’s Caveat at the relevant land authority, the Financier shall pay:
 - (i) directly to the Trustee the sums of RM2,407,790.01 only (“Initial Security Deposit”) being the initial performance deposit and the sum of RM802,596.67 only being the initial utilities deposit (“Initial Utilities Deposit”). The Initial Security Deposit and the Initial Utilities Deposit shall be replaced by irrevocable bank guarantees for the same amounts as the Initial Security Deposit and the Initial Utilities Deposit respectively within thirty (30) days from the Date of Full Loan Disbursement (as defined hereinafter); and
 - (ii) the remaining portion of the bank borrowings less the Redemption Sum and after the deduction of the Initial Security Deposit and the Initial Utilities Deposit (hereinafter referred to as the “Final Balance of the Loan”) to Mydin’s solicitors who are authorised to release the Final Balance of the Loan immediately to Mydin. In addition thereto, Mydin’s solicitors are also authorised to release the Deposit (paid by the Trustee as purchaser to Mydin’s Solicitors pursuant to the terms of the SPA) together with all accrued interest earned therefrom, simultaneously with the release of the Final Balance of the Loan.

¹ Mydin has delivered the Redemption Statement and the Vendor’s Undertaking to the Financier’s Solicitors vide Mydin’s solicitors’ letter dated 17 May 2016. Therefore, the seven (7) Business Days for payment of the Redemption Sum shall commence from the date of the Second Supplemental Agreement.

The date of either Mydin's Solicitors' receipt of the Final Balance of the Loan or the date of the Trustee's receipt of the Initial Security Deposit and the Initial Utilities Deposit, whichever is the later, shall be referred to hereinafter as the "Date of Full Loan Disbursement".

- (f) Simultaneously on the Date of Full Loan Disbursement, Mydin shall begin to pay to the Trustee on a monthly basis a portion of the Rent which is payable for Term 1 based on the percentage of the portion of the Purchase Price received by Mydin on the Date of Full Loan Disbursement and which portion amounts to RM757,166.67 only per month.
- (g) Upon the MOT having been duly adjudicated and stamped, it is to be released to the Financier's solicitors with the intent that the latter present the same for registration.
- (h) Once Unconditional Date has been confirmed (when the outstanding Conditions Precedent of the Trustee have been fulfilled), the Trustee will then be obligated to pay the remaining balance of the Balance Purchase Price which is the Differential Sum (i.e. the difference between the Balance Purchase Price and the bank borrowings) less a retention sum of RM15,000,000.00 ("Retention Sum") to Mydin's solicitors as stakeholders on or before the expiry of two (2) months from the Unconditional Date, or such other further period as mutually agreed upon by the Parties in writing. The term "Completion Date" has now been amended to mean the date of payment of the Differential Sum less the Retention Sum to Mydin's solicitors as stakeholders in accordance with the terms of the Second Supplemental Agreement.
- (i) Mydin's solicitors are authorised to release the Differential Sum less the Retention Sum immediately to Mydin PROVIDED ALWAYS that the documents particularised in Clause 6.05 of the SPA (i.e. technical documents pertaining to the Property such as original building plans, certificate of completion and compliance, insurance policies, all original manuals, handbooks, maintenance records, as-built drawings and any other relevant documents) have been received by the Trustee.

2.1.2 Salient Terms of the Supplemental Agreement to Lease

The salient terms of the Supplemental Agreement to Lease are as follows:

The Agreement to Lease dated 27 April 2015 is hereby varied as follows:

- (a) The date of commencement of the Lease shall now fall on the Date of Full Loan Disbursement.
- (b) The Rent payable for Term 1 (i.e. the initial four (4) years of the Lease) shall be varied whereby:
 - (i) during the period commencing from the Date of Full Loan Disbursement up to the Completion Date (as referred to above) ("Term 1 Pre-Completion Date Period"), the Rent shall be RM757,166.67 only per month ("Term 1 Pre-Completion Date Rent"); and
 - (ii) thereafter for the remaining period of Term 1, the Rent shall be RM1,400,000.00 only per month or a guaranteed net yield of 7% per annum based on the Purchase Price or the sum of RM16,800,000.00 per annum;

- (c) Within seven (7) Business Days of the presentation of the Lien-Holder's Caveat at the relevant land authority, the Financier shall pay directly to the Trustee the Initial Security Deposit and the Initial Utilities Deposit. The Initial Security Deposit and the Initial Utilities Deposit shall be replaced by irrevocable bank guarantees for the same amounts as the Initial Security Deposit and the Initial Utilities Deposit respectively ("Initial Security Deposit BG" and "Initial Utilities Deposit BG") within thirty (30) days from the new commencement date of the Lease that is, the Date of Full Loan Disbursement.
- (d) On or before the Completion Date, Mydin is to deliver to the Trustee fresh bank guarantees for the remaining period of Term 1 (commencing from the Completion Date up to the expiry of Term 1) and which fresh bank guarantees shall cover:
- (i) a sum equivalent to the Security Deposit payable for the remaining period of Term 1 (commencing from the Completion Date up to the expiry of Term 1); and
 - (ii) a sum equivalent to the Utilities Deposit payable for the remaining period of Term 1 (commencing from the Completion Date up to the expiry of Term 1).

whereupon the Trustee shall return to Mydin the Initial Security Deposit BG and the Initial Utilities Security Deposit BG, respectively within fourteen (14) Business Days from the Lessor's receipt of the respective aforesaid fresh bank guarantees or the Completion Date, whichever is the later.

In this regard, the Trustee is obliged to give Mydin at least seven (7) Business Days prior written notice of the actual date it proposes to pay the Differential Sum (less the Retention Sum) to Mydin's Solicitors so that Mydin has advance notice of the Completion Date in order for it to deliver the fresh bank guarantees referred under paragraphs (d)(i) and (ii) above.

- (e) On the new commencement date of the Lease i.e. the Date of Full Loan Disbursement, Mydin shall pay to the Trustee a sum being equivalent to one (1) month's Term 1 Pre-Completion Date Rent OR in the event that such new commencement date falls on a day other than the first (1st) day of the month, then a proportionate sum of the said one (1) month's Term 1 Pre-Completion Date Rent which shall be calculated on pro-rata basis commencing from such new commencement date up to the last day of the month. All subsequent payments of rent for the Lease shall be made on or before the seventh (7th) day of each calendar month and every succeeding month throughout the Initial Lease Period and/or the Extended Lease Period, as the case may be.
- (f) As part of Mydin's obligations to keep and maintain the whole of the Car Park Block in good tenantable and acceptable repair and clean sanitary condition (fair wear and tear excepted) during the Lease, Mydin shall also during the Material Defects Rectification Period (as defined in the Supplemental Agreement) undertake anti-carbonation painting so as to rectify any defects and/or damage to any part of the Property including but not limited to the Car Park Block due to or arising out of or related to the High Carbonation Issue and/or to reduce the carbonation process at the Demised Premises failing which Mydin may to undertake such anti-carbonation painting. In such an event, the Trustee is entitled to claim all such costs and expenses from:

- (i) the Retention Sum; or
 - (ii) the Security Deposit (if the Retention Sum is not sufficient to cover such costs and expenses); or
 - (iii) Mydin (if the Retention Sum and/or the Security Deposit is not sufficient) whereby Mydin shall be obliged to pay to the Trustee such costs and expenses within three (3) Business Days from Mydin's receipt of the relevant notice in writing from the Trustee.
- (g) Mydin shall also indemnify the Trustee from all actions, claims, liabilities, costs and expenses for which the Trustee may suffer or incur arising from the Material Defects including but not limited to the High Carbonation Issue and the Material Repair, Rectification, Remedial and Replacement Works to the Material Defects undertaken by Mydin.
- (h) Mydin shall also undertake as follows:
- (i) within fourteen (14) Business Days from the completion of the Material Repair, Rectification, Remedial and Replacement Works to the Material Defects, Mydin or its civil and structural engineer responsible for the construction of the Demised Premises i.e. Messrs. TDC Engineering Consultants Sdn Bhd shall provide or propose an adequate maintenance program for the Car Park Block to be undertaken by Mydin throughout the Term and which maintenance program shall be agreed to by the Trustee and the Independent Consultant;
 - (ii) if there is early termination of the Agreement to Lease as substituted, amended and modified by the Supplemental Agreement to Lease and/or the duly varied Lease Agreement prior to the expiry of the Lease and no anti-carbonation painting has been carried out to the Property at any time prior to such termination (whether in accordance with the provision as described under paragraph (f) above or otherwise), then:
 - (1) Mydin shall, at its own cost and expense, undertake anti-carbonation painting at the Demised Premises within fourteen (14) Business Days from the date of such early termination failing which:
 - (a) the Trustee's solicitors are authorised to release to the Trustee all costs and expenses as incurred by the Trustee in carrying out the anti-carbonation painting from the Retention Sum within seven (7) Business Days of written notice by the Trustee to the Trustee's solicitors; or
 - (b) if the Retention Sum is not sufficient, then the Trustee may deduct such costs and expenses from the Security Deposit; or
 - (c) if both the Retention Sum and/or the Security Deposit is not sufficient, Mydin shall pay to the Trustee the costs and expenses incurred by the Trustee in respect of its undertaking of the anti-carbonation painting as aforesaid within three (3) Business Days from Mydin's receipt of the relevant notice in writing from the Trustee;

and

- (2) all of Mydin's rights, interest, benefits, obligations and liabilities under:
 - (a) the relevant contract made between Mydin and the relevant contractor in respect of the Material Repair, Rectification, Remedial and Replacement Works to the Material Defects (if any are then subsisting) shall be novated to the Trustee at the costs and expense of Mydin by way of a novation agreement; and
 - (b) the relevant warranties for products and/or materials and/or workmanship issued by the relevant manufacturer and/or supplier and/or applicator for the Material Repair, Rectification, Remedial and Replacement Works to the Material Defects (if any are then subsisting) shall be novated to the Trustee at the costs and expense of Mydin also by way of a novation agreement(s).

3. DOCUMENTS AVAILABLE FOR INSPECTION

The SPA, Supplemental Agreement, Second Supplemental Agreement, Agreement to Lease, Lease Agreement and Supplemental Agreement to Lease are available for inspection at the office of PHNB, as the Manager of AHP, at 31st Floor, Menara PNB, 201-A, Jalan Tun Razak, 50400 Kuala Lumpur during normal office hours from Monday to Friday (except public holidays) for a period of three (3) months from the date of this announcement.

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